

FISCAL NOTE

HB 734 - SB 736

January 12, 2004

SUMMARY OF BILL: Allows any county school system to convert to a special school district. Present law prohibits the creation of any new special school districts after April 30, 1982, except for mergers or consolidations and provides that the majority of the legal voters in a proposed district must express their willingness to raise the local funds through a referendum.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - Shift in local government revenues and expenditures from a county government to the special school district - Exceeds \$100,000/Permissive

Estimate assumes that:

- if a county school system becomes a special school district, the special school district would be totally separate from the county. The county would no longer issue debt for the school district and the special school district would set its own tax rate with the approval of the General Assembly. Therefore, the school system would not be required to share proceeds with any incorporated areas. It is estimated that there would be an increase in revenues and expenditures for the LEA (special school district) and a decrease in revenues and expenditures for any affected county government.
- any school debt currently on the county's books would follow the newly created special school district. It is unclear whether the county would be relieved of its obligation to provide a school system.
- costs could be incurred for attorney's fees associated with the preparation of the official documents if such special school district is created. This cost would be dependent upon whether the school system utilizes its own attorney, if any, or must seek outside legal assistance.
- the school system would require a separate audit, since it would no longer be included in the county's audit report. However, this cost is estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

